Message Text

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INFO OCT-01 NEA-10 ISO-00 EUR-12 PM-04 NSC-05 SP-02 SS-15 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 PA-01 PRS-01 USIA-06 IO-13 /091 W ------291843Z 112822 /41

R 291314Z JAN 77

FM AMEMBASSY MANAMA BAHRAIN
TO SECSTATE WASHINGTON DC 4156
INFO AMEMBASSY AMMAN JORDAN
AMEMBASSY DAMASCUS SYRIA
AMCONSUL DHAHRAN SAUDI ARABIA
AMEMBASSY CAIRO EGYPT
AMEMBASSY JIDDA SAUDI ARABIA
AMEMBASSY KUWAIT KUWAIT
AMEMBASSY ROME IT

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E.O. 11652: N/A

TAGS : EAIR, PFOR, BEXP, BA, SA

SUBJECT: PAN AM'S BAHRAIN FLIGHT AS LEVER IN SAUDI BILATERALS: CONTINUED

REF : (A) STATE 9927 (B) 76 MANAMA 2169 (C) 76 JIDDA 8116

1. DURING JAN. 25 CALL ON GOB MINISTER OF DEVELOPMENT AND INDUSTRY (AND GULF AIR BOARD MEMBER), YUSUF SHIRAWI, AMBASSADOR ASKED ABOUT GOB-PAN AM TALKS BEING HELD AT THAT TIME. SHIRAWI SAID HE WAS CONCERNED ABOUT INTENSE SAUDI REACTION TO PAN AM PUBLICITY IN SAUDI ARABIA FOR ITS NEW YORK/BAHRAIN/NEW YORK WEEKLY FLIGHT, SHIRAWI, WHO VISITED SAUDI ARABIA LAST WEEK, SAID HE HAD AGREED TO DISCONTINUE USE OF GULF AID VC-10 AS FEEDER FROM DHAHRAN FOR PAN AM FLIGHT WEDNESDAY MORNING (SEE REF B FOR PREVIOUS). LIMITED OFFICIAL USE

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USE OF THE VC-10 CONSIDERED CRUCIAL TO THE SUCCESS OF THE NEW SERVICE ACCORDING TO THE PAN AM AGENT IN BAHRAIN.

2. ACCORDING TO SHIRAWI, PAN AM AGENTS IN BOTH RIYADH (IN THE INTERCONTINENTAL HOTEL) AND IN THE DHAHRAN AIRPORT HAVE POSTED ADVERTISEMENTS STATING THAT GULF AIR 'FEEDER' OFFERS "THROUGH CHECK-IN SERVICES" WHICH SHIRAWI SAID WAS

A CLEAR VIOLATION OF SIXTH FREEDOM. THE SAUDIS, UNHAPPY
ABOUT THE PAN AM LINK WITH GULF AIR FROM DHAHRAN (SEE REF C)
TO BEGIN WITH, WERE "LIVID" ABOUT THE PAN AM ADVERTISING
CAMPAIGN IN SAUDI ARABIA

3. SHIRAWI REVIEWED HIS UNDERSTANDING OF THE USG POSITION REGARDING ARAB AIRLINES' GROUPINGS WHICH BASICALLY TALLIED WITH THAT SET FORTH IN STATE 9927. HE SAID THAT HE WOULD LIKE TO SEE A JOINT SAUDIA/KUWAIT AIR/GULF AIR REOUEST FOR LANDING RIGHTS, BUT QUESTIONED WHETHER SAUDIS WOULD BE INTERESTED (COMMENT: WE'RE NOT SURE WHETER THIS MEANS SHIRAWI'S THOUGHTS ARE UNCHARACTERISTICALLY UNRESEARCHED OR WHETHER HE WAS TELLING US THAT HIS SAUDI CONTACTS LAST WEEK HAD BEEN NEGATIVE TO THE PROPOSAL, END COMMENT). HE ALLOWED THAT GULF AIR IS NOT INTERESTED IN ACTUALLY FLYING TO THE THE US "YET" AND THAT SAUDIA COULD THUS USE GULF'S QUOTA, AS IT WERE. HE ALSO THOUGHT THAT THE TRAFFIC WOULD BEAR A DAILY 747 LOAD NEW YORK/ARABIAN PENINSULA/NEW YORK. (FYI: THE CHAIRMEN OF ALIA AND KUWAIT AIR WERE IN BAHRAIN JAN. 24-26 DISCUSSING, ACCORDING TO THE PRESS, "COOPERATION AMONGST ARAB AIRLINES") SHIRAWI CONCLUDED DISCUSSION WITH COMMENT THAT IF SAUDI OFFICIALS REMAIN UPSET WITH PAN AM ADVERTISING AND, MORE BASICALLY, USG DISINTEREST IN DIRECT NEGOTIATIONS, THEN GULF AIR (AND THE GOB) WILL BE RESPONSIVE TO SAUDI PRESSURES. "SAUDI ARABIA IS TOO IMPORTANT TO US" TO IRRITATE OVER SUCH AN ISSUE, HE STATED.

4. AN INTERESTING COUNTERPOINT TO SHIRAWI'S COMMENTS ABOVE WAS PROVIDED JAN 26 BY PAN AM BOARD CHAIRMAN SEAWELL AND LIMITED OFFICIAL USE

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HIS STAFF WHO HAD JUST RETURNED TO BAHRAIN FROM DISCUSSIONS IN SAUDI ARABIA. THEY FOUND THE SAUDIS RELAXED ABOUT THE NEW PAN AM SERVICE AND, IN FACT, FOUND SAUDIA OFFICIALS INTERESTED IN AN ARRANGEMENT "BLOCKING" 40-50 SEATS EACH WEEK ON THE BAHRAIN/NEW YORK SERVICE. THEY HAD DISCUSSED, AND WERE HOPEFUL, THAT SAUDIA WOULD AGREE TO ADD AN EARLY WEDNESDAY MORNING RIYADH/DHARHAN/BAHRAIN FLIGHT, TO BOLSTER SERVICE. THEY ALSO SAID THAT GULF AIR OFFICIALS HAS ASSURED THEM THAT IT WOULD ADD SHUTTLE FLIGHTS, DHAHRAN/BAHRAIN, TUES.EVENINGS AND WEDS. MORNINGS (COMMENT: THESE 'SHUTTLES' MORE OR LESS EXIST ALREADY AND ARE OVERBOOKED WITHOUT REFERENCE TO THE PAN AM FLIGHT AND CHAOTIC IN OPERATION). PAN AM WILL BE SENDING A SENIOR OFFICIAL TO SAUDI ARABIA IN FEBRUARY, SEAWELL SAID, TO FURTHER DISCUSS RELATIONS WITH SAUDIA.

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CORRECTEDCOPY (CLASSIFICATION)

5. COMMENT: IN ADDITION TO THE PAN AM PROBLEMS, WE WOULD ANTICIPATE THAT THE SAUDIS, IF CONSISTENT, WILL RAISE SIMILAR OBJECTIONS TO THE GULF AIR FEEDERS TO THE TWA WEEKLY FLIGHT SCHEDULED TO BEGIN SERVICE FEB. 3 (NEW YORK/ GENEVA/BAHRAIN AND RETURN). TWA ADVERTISING IN BAHRAIN PROMINENTLY FEATURESFEEDER LINKS WITH BOTH DHAHRAN AND RIYADH AND RECENT VISIT TO EMBASSY OF TWA OFFICIALS CONFIRMED THAT THEIR MAJOR ADVERTISING EFFORT WILL BE DIRECTED AT THE EASTERN PROVINCE MARKET -- UNLESS OF COURSE THEIR UPCOMING VISIT TO SAUDI ARABIA (STATE 17893 NOTAL) RESULTS IN THE SAUDIS' AGREEING TO TWA'S REQUEST FOR TRAFFIC RIGHTS. CLUVERIUS

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